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Ontario
Ministry of
Housing

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Publication

Annual Report 1979/80

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THE HONOURABLE
JOHN B. AIRD, O.C., Q.C., L.L.D.
Lieutenant Governor of the Province of Ontario

MAY IT PLEASE YOUR HONOUR:

For the information of Your Honour and the
Legislative Assembly, I have the privilege
of presenting the Annual Reports of the
Ministry of Housing, Ontario Mortgage
Corporation, and Ontario Land Corporation
for the fiscal year ending March 31, 1980,
and the Annual Report of Ontario Housing
Corporation for the calendar year 1979.

Respectfully submitted

A handwritten signature in cursive script, reading 'Claude F. Bennett'.

CLAUDE F. BENNETT
Minister





Office of the
Deputy Minister

Ministry
of
Housing

Hearst Block
Queen's Park
Toronto Ontario
M7A 2K5
416/965-3411

THE HONOURABLE CLAUDE F. BENNETT
MINISTER OF HOUSING

SIR:

I have the honour to submit for your approval
the 1979/80 Annual Report of the Ministry of
Housing.

Respectfully submitted,

R.M. Dillon
Deputy Minister



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Policy and program development secretariat

The secretariat initiates, directs, undertakes and co-ordinates program and policy related research. It also monitors and ensures a ministry response to changing conditions in the housing sector.

Policy development

The policy development area evaluates and designs alternatives to ministry policies and programs to enable the ministry to pursue its goals effectively.

This group was active in several policy areas including the evaluation of various shelter, mortgage and rehabilitation programs and recently initiated and developed a collaborative planning technique with the municipalities and the private sector for the purpose of adapting the housing stock to changed demographic and economic conditions.

The group also prepared and co-ordinated the ministry's regulatory reform program and continued to monitor the effectiveness of programs to protect new construction from naturally-occurring radon.

Management planning and evaluation

This branch consists of a program analysis section and a surveys and statistical analysis section.

The program analysis group develops and implements the ministry's management reporting, planning and control systems; co-ordinates the establishment of ministry's future funding requirements and management-by-results process; monitors program delivery systems and evaluates their effectiveness; and maintains operating statistics of housing programs.

The surveys and statistical analysis section provides statistical and survey research expertise for the ministry and assembles statistics required for policy development. During the year, major

projects included a rental market survey conducted in seven Ontario cities to determine rent levels, rent changes and tenant perceptions concerning the quality of maintenance and services; initiation of a study to develop a standard method to assess municipal non-profit housing requirements; and an inquiry concerning the determination of rental vacancy rates in Ontario.

This section also administers the municipal housing statement program and related grants. In 1979/80, funds were approved for an additional 21 municipalities, bringing the total commitments to \$1,000,750 since the program was initiated in 1974. Payments this year totalled \$166,008, bringing total payments to \$837,015 and resulting in an outstanding program commitment of \$163,735.

Intergovernmental policy liaison

The secretariat also ensures that the ministry is aware of and responds to changing housing policy and program issues at the federal, provincial and municipal levels of government. In addition to co-ordinating the ministry's activities with respect to federal/provincial and interprovincial matters as well as the ongoing activities of the Provincial/Municipal Liaison Committee, the secretariat was the focal point for the negotiations of the federal/provincial Community Services Contribution Program agreement.

The secretariat is co-ordinating this ministry's involvement in an international study of urban problems being undertaken by the Organization for Economic Co-operation and Development, which consists of the Western European countries, Canada, the United States and Japan.

External studies

The secretariat contributed the province's annual share of the operating budget of the Intergovernmental Committee on Urban and Regional Research which provides information on issues such as planning, environmental matters and transportation to government agencies across Canada.

Affirmative action program

The affirmative action program, in 1979-80, continued efforts to make more productive systems which had been established in previous years. Managers set targets for initiatives to develop and promote women within their areas and interviewed their female employees as to their career goals. This was incorporated into the ministry's overall goal-setting and review process initiated in 1979-80. The affirmative action program office evaluated branch targets and assisted in implementation plans. Stress was placed on maintaining an accurate inventory of female employees, accessing that inventory for competitions, training, special assignments and counselling. In addition, the affirmative action program office monitored the competition process and other personnel procedures and maintained high program visibility and input into training seminars and publications.

Initiatives to extend the program to the Ontario local housing authorities were commenced. Guidelines were prepared and issued. Preliminary meetings and other activities will continue into the next fiscal year.

The goal of the affirmative action program is to raise and diversify the occupational status of women, and to date there has been moderate success in some modules and little success in others. For example, representation in the administrative module has increased from 20.1 per cent in 1975 to 30.1 per cent in 1980. However, women (who comprise nearly 53 per cent of the ministry's personnel), continue to be concentrated (more than 50 per cent) in four categories/modules and under-represented (less than 30 per cent) in seven categories/modules.

While the number of women earning in excess of \$23,000 increased significantly from 8.3 per cent to 15.5

per cent in a one-year period, the wage differential corporately between males and females increased by 0.6 per cent during 1979-80.

Most managers had successful programs in that their achievements far exceeded their targets. Women are being trained and developed and there are a significant number of individual breakthroughs. However, overall statistical measures indicate little change. This is in part due to inter-ministry and external promotions and decreasing staff turnovers.

If the affirmative action program is to achieve significant results in the future, centrally managed programs within the ministry and within the government must be in place. Directions for the program in the 1980's will include more specific numerical planning targets for hiring and promotions, more management accountability and monetary incentives to produce results.

Finance and administration division

The finance and administration division supplies management support services to all areas of the ministry and its associated crown corporations. The division is organized into five main organizational components: financial services; computer support and systems support services; personnel and human resource services; procurement supply and associated office services activities; and the corporate secretary's office which supplies secretarial services to the boards of directors of crown corporations reporting to the ministry.

During the year the division was active in the implementation phase of the ministry's newly-developed operational financial information system (OFIS). The system was designed to provide a common financial information reporting medium and includes budgetary and financial control procedures to complement the ministry's stewardship responsibilities for major government real estate holdings. The total value of assets under ministry direction at year end was in excess of \$2.7 billion.

Extensive staff training was carried out during 1979 to ensure each of the 500 staff members, in 130 source offices, acquired the necessary technical skills to permit full utilization of the system. User manuals were completed for each major systems area and were distributed to appropriate source offices. Remote entry terminals, now installed in 28 locations, have proven to be particularly efficient and effective.

A key activity during this fiscal period was a general effort to upgrade customer service with emphasis on employee training. More timely payment of vendor accounts was a significant part of this activity. Movement of the physical disbursement of funds and custody of source documents as close as possible to source offices was under way. As a result, settlement of accounts was much improved by year end.

Greater emphasis is being placed on the planned development of the ministry's human resources to create

the experience and skills required to meet its future program needs. The human resources branch has been involved in a number of ministry organization changes which required major personnel administration initiatives related to job evaluation and classification, placement of surplus staff, and the recruiting of new skills. Other initiatives were required in the conversion of all management jobs to the Ontario public service management compensation plan and in the initial field work associated with the development of a job evaluation and classification system for management positions in housing authorities.

Collective agreements were reached through direct negotiations with the Canadian Union of Public Employees in both the Metro Toronto and provincial operations. Training seminars were conducted in basic management-employee relations for supervisory staff in all housing authorities and all districts within metro. Staff development activity was in programs such as orientation, goal setting and review, retirement preparation, effective presentations and management seminars. Interface between all payroll systems and OFIS has been completed, providing a fully-computerized cost distribution of salaries and benefits. Integration of the pay, records and attendance functions has improved personnel services to ministry employees. A communication link has been established to give training and assistance to housing authorities and direct management payroll staff.

The office of the corporate secretary continues to provide service to the three crown agencies—Ontario Housing Corporation, Ontario Mortgage Corporation and Ontario Land Corporation—which report to the ministry.

Apart from the agenda preparation and minute taking involved in regular board and committee meetings, which numbered 280 during the year, OHC's more open stance in its relationship toward the local housing authorities added to the number of meetings served and necessitated some out-of-

town travel. There was also participation in the communications technology satellite project teleconference involving discussion with participants in Northern Ontario. This office also handled some 380 tender openings on behalf of the ministry as a whole throughout the year which resulted in 2,050 bids being received together with requisite bid and performance security.

The use of the library has been extended to members of the public interested in the housing field, i.e., planning, development, renewal, etc. Toll-free access facilities have been established throughout the province to facilitate service to the public. Responsibility for the provision of housing authorities office accommodation at some 65 locations has now been assumed by the division.

With the conclusion of OFIS implementation, the division was able to effect significant cost savings through a planned computer program in conjunction with the system maintenance activities. Access to the newly-created data files was also improved. Due to the success and growing reputation of the OFIS province-wide computer terminal network, interest in the system has been shown by several provinces, and Canada Mortgage and Housing Corporation is using the system to support its expanding real estate operation. A new computer terminal room was opened to accommodate the increased processing volumes and improve the physical security of both data and machine facilities.

Several new general and automated system opportunities were initiated, principally in the policy and program development secretariat, the Ontario Mortgage Corporation and within the finance and administration division. Emphasis is on labor-intensive activities where costs can be reduced and on procedural enhancements through expanded computational facilities, closer user involvement, updated user manuals, file cleanup and records inventories and schedules.

Community planning wing

The function of the community planning wing is to encourage effective community planning throughout the province. To reach this objective, the wing must ensure that provincial policies are implemented through the use of sound community planning techniques.

The planning wing also assists in preserving the physical and social character of Ontario's towns and cities by developing and administering projects designed to help local municipalities and their citizens maintain and improve existing housing stock and the general structure of their neighborhoods and central areas.

Plans administration division

The plans administration division (PAD) is responsible for administering a wide range of functions required under the Planning Act.

During the 1979/80 fiscal year, the division was restructured according to functions. In addition, the functions associated with the Parkway Belt West Plan were transferred to this division from the Ministry of Intergovernmental Affairs.

PAD consists of three branches: community planning review branch—central and southwest, community planning review branch—north and east, and operations control branch.

Community planning review branch—central and southwest **Community planning review branch—north and east**

These branches evaluate and make recommendations on applications to the minister for official plans, official plan amendments, plans of subdivision and condominium. In municipalities where approval authority has been delegated, the branches monitor the approval functions.

Zoning bylaws are reviewed and comment on them is made to the Ontario Municipal Board. The branches also approve amendments to the minister's zoning orders.

In addition, they approve applications for the minister's consent and monitor land severances granted by local committees and delegated planning boards.

Other functions include commenting on actions under the Partition Act and approving the validation of land titles, road adjustments, part lot control bylaws and deeming bylaws.

The community planning review branch—central and southwest, is additionally responsible for handling appeals to decisions on Niagara Escarpment Development permits, implementing the Parkway Belt West Plan and approving amendments to Parkway Belt regulations.

Operations control branch

The operations control branch consists of the operations review and administrative support sections, as well as the development co-ordination unit.

The operations review section reviews and makes recommendations to the minister on the delegation of approval authority under the Planning Act to regions, counties and planning boards. The section also prepares minister's zoning orders for unorganized areas in Northern Ontario.

Other functions include the preparation of guidelines on planning procedures and co-ordination of Ministry of Housing comment on environmental assessments.

The administrative support section provides clerical, personnel and general support services to the division.

The development co-ordination unit monitors the long-range provision of serviced land in urban areas and attempts to resolve problems before they impede the even flow of land for development.

Its responsibilities also include outstanding loan and grant commitments made under the Ontario Housing Action Program. This will continue until March 31, 1981.

Annual statistics fiscal 1979-80

Development grants

	1979-80	1978-79
New grants	2	1
Total amount paid	\$35,000	\$15,000
Number of completed or extended grants	2	7
Total amount paid	19,694	75,319
	\$54,694	\$90,319

Interest-free loans

	1979-80	1978-79
Number of loans	1	4
Total loans approved	\$90,600	\$1,906,000
Amount disbursed	9,035,994	20,240,101

Housing incentive grants

	1979-80	1978-79
Amount disbursed	\$16,875	\$586,260

Zoning bylaws

	total 1979-80	total 1978-79
Comprehensive and amending bylaws received	3,570	2,560
Comprehensive and amending bylaws commented on	3,270	2,677

Zoning orders

	total 1979-80	total 1978-79
New orders registered	4	1
Amendment applications received	235	288
Applications processed	238	390

Minister's consents

	total 1979-80	total 1978-79
Applications received	1,798	1,959
Applications finalized	1,101	1,396

Official plans

	total 1979-80	total 1978-79
Proposed official plans received	27	17
Proposed official plan amendments received	762	761
Official plans approved	1	25
Official plans partially approved	7	46
Official plan amendments approved	630	555
Official plan amendments partially approved	51	49
Official plans referred to OMB	22	22
Official plan amendments referred to OMB	80	104

Niagara Escarpment Commission

	total 1979-80	total 1978-79
Appeals received	172	174
Appeals finalized	164	179

Road adjustment bylaws

	total 1979-80	total 1978-79
Received	154	139
Finalized	159	108

Part lot control

	total 1979-80	total 1978-79
Received	45	83
Finalized	60	64

Validation

	total 1979-80	total 1978-79
Received	71	77
Finalized	71	83

Subdivision and condominium

	total 1979-80	total 1978-79
Subdivision applications		
received	530	610
Draft approval	465	543
Final approval	411	452
Condominium applications		
received	41	74
Draft approval	47	101
Final approval	76	158
Submissions of delegated regions	355	421

Local planning policy branch

The branch is divided into three sections: policy, programs and special studies. The policy section develops and recommends draft general provincial policy and legislation in the community planning field. The programs section is responsible for developing provincial policy, planning standards and guidelines applicable to various forms of development. The special studies section undertakes projects of an in-depth nature, fulfilling the basic research requirements of the branch.

White paper and draft planning act

Following the report of the Planning Act Review Committee in 1977, and receipt of approximately 350 public briefs, a white paper was published in the spring of 1979 setting out the basis for a new Planning Act. Draft legislation was released in late December, 1979. Twenty-four public meetings were then held across the province with municipalities and interest groups, and comment was invited until March 31, 1980.

Guidelines on noise and new residential developments adjacent to freeways

A new policy was announced to control the noise in outdoor areas of new residential developments near freeways.

A guide to residential planning and design in small communities

This guide was prepared for those with responsibility for designing, reviewing or approving new urban development in small communities which have little or no access to professional advice. It emphasizes improved solutions to everyday residential layout and design problems.

A planner's reference to legislation in Ontario

This manual assists planners in finding legislation pertinent to a variety of planning topics.

Urban development standards

This study, released in 1976, demonstrates how reductions and modifications to certain site planning and engineering standards can significantly lower housing costs. A detailed survey has been published of larger municipalities where actual subdivision developments have employed the innovative design standards proposed in this report.

Site planning guidelines for medium density housing

This study provides municipalities with guidelines for assessing medium density housing in terms of physical standards.

Lakeshore capacity study

The special studies section is continuing its responsibility for managing the lakeshore capacity study. This is an inter-ministerial study with participation by the Ministries of Housing, Environment and Natural Resources. The objective of this research is to develop a predictive model, or series of models, to evaluate the impact of proposed cottage development on land and lake environments. The findings will be used in the subdivision approval process under the Planning Act.

The work focuses on the environmental impact of lakeshore development, e.g., impact on water quality, fisheries and wildlife. Since natural ecological processes are involved, field data for several summer seasons is required to provide a scientific base of information.

Community planning advisory branch

The community planning advisory branch (CPAB) is a decentralized operation with offices in Ottawa, London, Sudbury, Thunder Bay and Toronto. It is responsible for the promotion of community planning through the provision of educational activities direct financial and technical assistance and advisory services. To minimize duplication in the planning process, heavy emphasis is placed on those areas without planning staff or with insufficient full-time staff.

Educational activities

In 1979/80, the branch organized 81 conferences and seminars for municipalities throughout the province dealing with a variety of planning topics. Staff of the branch also participated in 61 other forums sponsored by various public agencies and private organizations.

Technical assistance

CPAB offers professional planning assistance to many Ontario municipalities on a no-cost consultant basis. During 1979/80, amendments to eight official plan documents were prepared; 46 zoning bylaws or bylaw amendments; 35 terms of reference for planning studies; and 22 other documents.

The branch also reviews draft planning documents on request, prior to their submission for approval to the ministry or the Ontario Municipal Board.

Financial assistance

CPAB administered \$1.4 million in grants to assist municipalities with limited financial resources and planning staff to embark on or complete their planning programs.

In 1979/80, 122 municipalities and 10 joint planning boards received provincial commitments for \$1.1 million. These funds were issued partially during the fiscal year and the outstanding amounts will be provided to municipalities upon completion of individual planning studies.

The grants were made available to produce a variety of documents and to assist in the cost of completing planning programs. Among the 131 documents to be produced are the following:

Official plan documents

(new or revised, major amendments or secondary plans) _____ 56

Zoning bylaw documents

(new or revised bylaws, major amendments, bylaws to replace minister's zoning orders) _____ 62

Special/other planning studies 13

The branch also provided \$140,000 to facilitate the administration of planning activities in 11 planning areas containing unorganized territories in Northern Ontario.

Other activities

The branch recommended the establishment of, or alterations to, 25 planning areas. Advice was also provided on the definition, constitution and procedures of various planning boards.

Comments were provided on a selective basis to the plans administration division from a local perspective on the appropriateness and adequacy of planning documents submitted for approval.

Branch staff represented the ministry on a number of planning committees and performed a liaison role with federal agencies and other provincial ministries located in these regions, as well as with local municipalities and the general public on matters of ministry concern.

Community renewal branch

The community renewal branch is responsible for administering provincial and federal/provincial programs designed to upgrade the existing housing stock in Ontario and improve the total urban environment.

Ontario Home Renewal Program (OHRP)

OHRP provides per capita grants to municipalities to administer directly as loans to owner-occupants whose adjusted annual family income is not higher than \$12,500. The grants are used to repair faulty structural and sanitary conditions and to upgrade plumbing, heating, insulation and electrical systems in residential properties.

In 1979/80, 412 Ontario municipalities received per capita grants totalling \$19.2 million. Since OHRP commenced in late 1974, 652 municipalities have participated in the program.

In unorganized communities, OHRP is administered through Ministry of Northern Affairs offices. Homeowners in these areas received 121 loans totalling \$718,551 in 1979/80.

Ontario Downtown Revitalization Program

This program is designed to help eligible municipalities with a maximum population of 125,000 receive public investment for seeding projects to restore confidence in a community's core area.

Subject to the availability of funds, the province will provide partially recoverable loans up to a maximum two-thirds of the approved cost of the project. Such a project must generate additional revenue to the municipality in the form of rents and/or taxes.

Eligible costs include:

- Acquisition and/or clearance of land for a revitalization project.
- Acquisition and rehabilitation of an

existing key anchor building.

- Installation of a public open or covered mall or semi-mall.
- Improvement to ancillary services such as water, sewers and/or roads where such improvement will result in revitalization.

Total provincial recovery is limited to 110 per cent of the initial two-thirds contribution. However, repayment is contingent upon additional revenue being created for the municipality. There is no firm period for this loan.

Since the program was introduced in September, 1976, four projects have been completed (Sarnia-Kenwick Place [Phase I], Cornwall Square, Cornwall-Pitt Street Mall) and Vanier; two projects are under construction (Tillsonburg and Thunder Bay); and five municipal projects have received approval-in-principle (Brantford, Sarnia [Phase II], Sault Ste. Marie, Guelph and Chatham).

Main Street Revitalization Program

The Main Street Revitalization Program was introduced in 1978 to assist small Ontario communities with a population of 30,000 or less in improving and upgrading their downtown areas using the business improvement area (BIA) concept as a starting point.

The province provides front-end funding toward physical improvement and parking projects in accordance with BIA plans for the downtown, an approach that permits implementation of a comprehensive project, which requires financing over a maximum 10-year period, without placing a major financial burden on the business community.

The maximum provincial loan to a municipality is \$150,000.

Municipal applications are reviewed on a first come, first served basis, subject to the availability of provincial funds. The Main Street Revitalization Program has a total provincial budget of \$5 million until March 31, 1981.

Since this program's inception, 10 municipalities have received loans to commence work on their main streets. Eight additional municipalities have received ministerial approval-in-principle to proceed with a main street program.

Community Services Contribution Program (Neighborhood Improvement Program component)

Under recent amendments to the National Housing Act, the Community Services Contribution Program was established with provisions for assistance to municipalities to undertake neighborhood improvement projects. This broader program replaces the former Neighborhood Improvement Program.

Under a federal/provincial operating agreement, the Ministry of Housing will administer and allocate funds to municipalities for neighborhood improvement purposes. Allocations are being made to 30 municipalities in 1980.

Other services

The community renewal branch also provides services related to:

- Business improvement areas: there are 136 active BIAs in Ontario.
- Property standards bylaws which have been adopted in 120 municipalities.

Project planning branch

The project planning branch is staffed by community planners, urban designers, engineers, environmental planners, economic and social planners, as well as an integral design unit which works closely with the planning staff.

The branch provides a practical and comprehensive community planning service to the ministry and other areas of the provincial government with respect to specific undertakings by the government. The work consists of a wide variety of projects of varying sizes and scales, both short-term and ongoing, including community design, environmental impact, economic and social conditions, site analysis, engineering and transportation considerations, regional planning and development, subdivision planning and building design and layout.

In the past year, projects included:

- Detailed planning for large scale urban development, e.g., Malvern.
- Economic and architectural analyses for small town core commercial areas.
- Advisory material on the design and economics of central urban areas.
- Planning advice on large ministry land holdings.
- Regional planning appraisals for the community planning advisory branch, e.g., Lake Huron.
- Town planning growth and development strategies for the community planning advisory branch and the ministry as well as the Ministry of Northern Affairs, e.g., Blind River.
- Economic, social and industrial development appraisals for the Ministry of Housing and other ministries, e.g., Edwardsburgh industrial development.
- Detailed layouts for small housing projects, e.g., Guelph.
- Commercial/retail development and marketing advice to the plans administration division.
- Application of energy conservation to development projects in co-operation with the Ministry of Energy. Projects have involved the preparation of subdivision designs which economize on energy for heating, cooling and transportation. This work has led to the investigation of the application of energy conservation in other areas of urban development.

Community development wing

Technical services division

Chief appraiser's branch

The chief appraiser's branch processed proposals for 42 provincially-assisted, 44 municipal non-profit and 11 private assisted rental projects. In addition, 26 land appraisals were prepared and 40 rent supplement proposals were reviewed; 129 foreclosure appraisals, plus various other services were provided to Ontario Mortgage Corporation.

Chief architect's branch

During the fiscal year, the chief architect's branch was directly involved in the design and development of 48 Ontario Housing Corporation (OHC) rental projects and provided architectural comment and review on 41 proposals submitted under various ministry programs. In addition, landscape inspection services were provided on 33 construction projects.

Chief engineer's branch

The chief engineer's branch provided contract administration on 33 OHC rental projects for a total of 1,403 units completed during the period. In addition, engineering reviews were carried out, and comments made, on 50 proposals submitted under various ministry programs. Site investigations were made at 11 locations and soil investigations were carried out on 13 proposed sites.

Research and development section

The research and development section, under the ministry's energy management program, undertook, or co-ordinated, 16 projects primarily in the space conditioning and solar energy fields. The ministry's metric conversion program continued through the distribution of information as well as staff training seminars.

Market surveys section

To assist municipalities with populations of less than 10,000 in identifying their general housing requirements, the market surveys section completes municipal housing statements at the request of council. The section also assists municipalities, regardless of size, in studies which specifically identify the need for assisted housing. Seventy-six studies were completed during the year under review, and 72 were under way at year's end.

An annual housing review questionnaire which provides municipalities with a method of updating the assisted housing portion of municipal housing statements was mailed to all municipalities. A total of 262 municipalities whose populations account for more than 80 per cent of the provincial population responded, compared with 167 the previous year.

Community housing division

During the fiscal year, the ministry's mortgage committee certified a total of 2,408 units for \$87,402,411. All units were privately financed. The following is a summary:

A total of 1,535 units were committed under the Rent Supplement Program, Sec. 44 1 (a) of the National Housing Act (NHA). Of these, 735 are limited dividend units which were approved for

NHA for senior citizen housing in communities with populations of less than 2,500. A total of 44 senior citizen units were funded under this new program during the year. In addition, 149 family units were funded under the Rural Housing Program.

Program	No. of units		Amount
	Family	Senior citizen	
Provincial assisted		500	\$14,075,162
Private Assisted Rental Program		278	6,359,325
Municipal assisted		397	11,164,000
Municipal non-profit	1,233		55,803,924
	1,233	1,175	\$87,402,411

Financial support was provided for community sponsored housing projects comprising 1,101 units. Of these, 311 were rent supplemented under the NHA, Sec. 44 1 (b).

conversion to rent-geared-to income housing.

Canada Mortgage and Housing Corporation began providing capital and operating funds under Sec. 40 of the

Assistance to builders was made available for approximately 9,000 units under the Ontario Rental Construction Grant Program to aid in production of moderately-priced rental housing. Of this amount 6,000 units came on stream during this fiscal year.

Financial grants were provided to 3,324 families under the provincial Home Ownership Made Easy Plan which operated in conjunction with the federal Assisted Home Ownership Program. New provincial commitments under this program totalled 276.



Office of the
Chairman

Ontario
Housing
Corporation

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THE HONOURABLE CLAUDE F. BENNETT
MINISTER OF HOUSING

SIR:

It is my honour, on behalf of the Board
of Directors, to present the Annual Report
and Statement of Accounts of Ontario Housing
Corporation for the year ended 1979.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'A.J. Trusler'. The signature is written in a cursive style with a large initial 'A' and 'J'.

A.J. Trusler
Chairman of the Board

Ontario Housing Corporation

Board of directors

A.J. Trusler, chairman
D.J. Beesley, vice-chairman and
general manager
J.A. Marrese
Mrs. Twyla E. Hendry
M.L. Kaminski
J.J. MacDonald
G.A. MacInnis
Mrs. Frances McHale*
J.B. McLean
M.A. O'Brien
Dr. Albert Rose*
Prof. S. Sadinsky
J.C. Stafanini*
Ms. Judith Yaworsky

*No longer serving

Report of the chairman of the board

The year under review saw important changes in the direction of housing policy, with Ontario Housing Corporation continuing its major role in the management of public housing.

Firstly, the method of financing developments under which the corporation borrowed 90 per cent of capital costs from the federal government and 10 per cent from the provincial treasury, came to an end. Now, the corporation borrows its development capital requirements in the private sector, thus reducing demands on government financing in this period of fiscal restraint.

With the exception of some vacant lands acquired for possible future public housing development, all lands owned by OHC for residential, industrial and commercial development were transferred to Ontario Land Corporation. This agency is responsible for the planning, financing, developing, management and marketing of land.

OHC was given the authority to develop family and senior citizen non-profit housing where a need has been established for a mix of market rent and rent-geared-to-income units. The corporation would take the initiative only when this need has not been met by municipal or private non-profit corporations or by co-operatives.

Because of the size of the rental housing portfolio and the reduction in direct construction of public housing, the corporation's main effort continues to be devoted to property management.

Such was not always the case. As I retire after 15 years as a board member, the last three as chairman, I get a sense of satisfaction when I review OHC's record.

While no longer involved in home ownership activities, during the earlier years the corporation leased or sold

more than 24,000 lots to moderate-income purchasers in 61 municipalities. It played a role in the development of condominium housing and was associated with almost 22,000 units, mainly in Metro Toronto.

But its greatest accomplishments have been in public housing. When I joined the board of directors, the corporation inherited some 6,000 rent-geared-to-income units, including 36 for senior citizens.

Within the next two years, the senior citizen portfolio owned by OHC will top the 36,000 mark—1,000 times the number of units available for seniors in 1964. Excluding rent supplement units not owned by the corporation, OHC now has a total portfolio of family and senior citizen units numbering almost 83,000.

OHC was the trailblazer for public housing across Canada. It demonstrated how federal funding and legislation could be utilized to help the disadvantaged who desperately needed assisted housing. During 1967, for example, OHC accounted for one out of every 10 housing starts in Ontario; it also made use of 97 per cent of all the money allocated for public housing units in Canada by the federal government.

The same spirit of enthusiasm lives on in the corporation today, with most of our energies channelled into property management. Professional staff demonstrate a wide range of skills and expertise in the management of this diverse portfolio.

I am proud to have been associated with OHC, not of my own accomplishments, but of the accomplishments of the organization and its staff. Without the dedication of board members and staff, past and present, as well as that of the housing authorities responsible for the day-to-day management of many of our units, this record of accomplishment would not exist.

A.J. TRUSLER
Chairman

Ontario Housing Corporation

Ontario Housing Corporation provides rent-geared-to-income housing for families and senior citizens with low and moderate incomes as well as physically-handicapped individuals. It is responsible for managing the rental properties, either directly or through agreements with local housing authorities. OHC also acquires the use of accommodation in properties not owned by the corporation, through rent supplement programs.

Assisted housing production

During the year, construction began on 668 units. (Figures elsewhere in this report may vary due to differences in fiscal years.)

A total of 15 tender calls were issued for a total of 605 units.

Four sites were acquired by the Ministry of Government Services on behalf of OHC for 90 senior citizen housing units.

Rent supplement program

The corporation secured 633 units for the Rent Supplement Program under which accommodation is arranged in units owned by the private sector, bringing the total number of units under the program to 11,499.

Completions

In 1979, there were 32 projects completed, with a total of 1,291 units.

Housing management

At year's end, the corporation had the following units in its portfolio:

Family	48,135
Senior citizen	34,754
Total	82,889

In addition, OHC was administering Rent Supplement Program agreements covering 11,449 units.

Tenant placement

New applications received,
registered (Metro Toronto) 6,311

New applicants housed
(Metro Toronto) 3,970

Tenant placement waiting list as of
Dec. 31, 1979:

Family

Province 6,231

Metro Toronto 2,651

Total Family 8,882

Senior citizens

Province 8,833

Metro Toronto 559

Total senior citizens 9,392

Total waiting list

Family and senior citizens 18,274

Total waiting list

Dec. 31, 1978 22,440

Housing operations Ontario

At year's end, this branch's portfolio had increased over the previous year by 1,175 units for a total of 53,487 units, made up of 18,733 family and 34,754 senior citizen units. These are managed by 58 housing authorities and four direct management operations, reflecting an increase of two housing authorities during the year under review. Some 315 communities across Ontario are served by these housing authorities.

Housing operations Metro Toronto

A \$4.6 million contract was awarded for the construction of a 248-unit senior citizen rental housing development in North York, to be owned by OHC and managed by the Metro Toronto Housing Co. Ltd.

Major upgrading plans for a 112-unit project were abandoned when studies showed the renovation program was not economically feasible. It was decided to offer the project for sale. Tenants who had been transferred to OHC developments were informed about the change in plans and were offered alternative assisted housing if they were not satisfied with their current accommodation.

The number of administrative districts in Metro Toronto was reduced from 10 to nine, to achieve a more equitable unit balance.

By year's end, the Operational and Financial Information System (OFIS) had been fully implemented. This system, designed to facilitate the accounting of budget, rent receivables and accounts payable, is applied to assisted rental housing units as well as rent supplement accommodation in properties not owned by OHC.

At year's end, the Metro Toronto branch had 29,402 family units in its portfolio. In addition, 3,037 rent supplement units were under administration.

Operational planning branch

By the end of the year the number of housing authorities had increased to 58 with a total membership of 410.

Throughout the year a continuing program of major and minor studies was undertaken for the purposes of developing policies and guidelines on a variety of topics related to the management of family and senior citizen housing.

An extensive program of professional development workshops and training courses for housing management staff and community relations workers was organized and implemented during the year.

A summer recreation program was provided for families in 58 projects in Metro Toronto and in the portfolios of 23 housing authorities. This program was operated by employing students drawn from local communities, many of whom were themselves residents in assisted housing projects.

Maintenance engineering branch

The main activity of the branch continued to be the provision of technical expertise in all areas of building technology (architectural, structural, mechanical, electrical, landscaping, elevators), to housing managers in both housing operations—Ontario and housing operations—Metro Toronto.

The energy section developed specifications and guidelines for housing managers who will implement a multi-faceted, three-year program aimed at reducing energy consumption by 10 per cent over the length of the program.

Safety education is an on-going activity consisting of the distribution of literature and seminars for managers and maintenance staff on specific subjects.

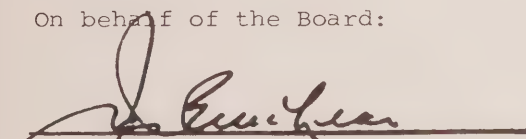
ONTARIO HOUSING CORPORATION
Incorporated without share capital under
The Ontario Housing Corporation Act

Balance Sheet
December 31, 1979

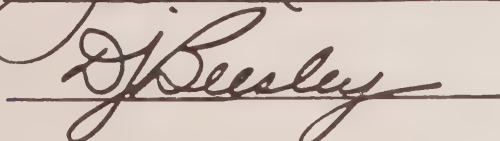
	ASSETS	1979	1978
Accounts receivable	\$	29,976,547	\$ 25,609,619
Operating funds due from the Treasurer of Ontario		52,225,798	41,803,689
Other assets		522,761	511,885
Mortgages and loans receivable		3,834,118	117,921,801
Investment in properties under agreements for sale, at cost		-	5,606,773
Land leased, at cost		2,234,074	41,677,130
Investment in properties under development, at cost		60,632,312	184,919,484
Investment in Federal-Provincial properties, at cost, less accumulated amortization of \$2,647,185; 1978 - \$2,475,640 (Note 3)		11,904,035	12,573,822
Investment in rental housing properties on leased land, at cost, less educational institutions' equity of \$2,692,129; 1978 - \$2,405,204 (Note 4)		65,610,007	65,896,932
Rental housing properties, at cost, less accumulated amortization of \$28,629,855; 1978 - \$24,432,660 (Note 5)		<u>1,224,223,212</u>	<u>1,214,550,518</u>
		<u>\$1,451,162,864</u>	<u>\$1,711,071,653</u>
Assets of property damage and mortgage guarantee funds (Schedule 1)	\$	<u>297,334</u>	\$ <u>1,665,408</u>

See notes to financial statements.

On behalf of the Board:



Director



General Manager

	LIABILITIES	1979	1978
Bank indebtedness	\$	7,789,453	\$ 2,232,652
Accounts payable and accrued liabilities		54,321,497	39,535,627
Holdbacks and deposits on construction contracts		3,290,725	10,107,905
Mortgages, debentures and similar indebtedness (Note 6)			
- Canada Mortgage and Housing Corporation		1,181,351,215	1,254,464,177
- Other		1,409,230	3,087,314
Capital indebtedness to the Treasurer of Ontario (Note 6)		202,831,190	358,604,762
Deferred income (Note 7)		169,554	43,039,216

\$1,451,162,864

\$1,711,071,653

Reserves of property damage and mortgage guarantee funds (Schedule 1)

\$ 297,334

\$ 1,665,408

ONTARIO HOUSING CORPORATION

Statement of Operating Funds Due from the Treasurer of Ontario
Year ended December 31, 1979

	1979	1978
Balance, beginning of year	\$ 41,803,689	\$ 38,265,702
Add: Net operating loss for the year	<u>106,662,508</u>	<u>89,345,959</u>
	148,466,197	127,611,661
Less: Funds provided during the year - net	<u>96,240,399</u>	<u>85,807,972</u>
Balance, end of year	<u>\$ 52,225,798</u>	<u>\$ 41,803,689</u>

See notes to financial statements.

ONTARIO HOUSING CORPORATION
Statement of Operations
Year ended December 31, 1979

	1979	1978
LOSS ON HOUSING OPERATIONS		
Provincial housing operations		
Rental revenue	<u>\$ 97,766,714</u>	<u>\$ 90,099,518</u>
Expenses		
Property operating expenses	142,038,960	129,939,233
Grants in lieu of municipal taxes	42,297,913	38,617,039
Amortization (Note 5)	<u>102,913,316</u>	<u>98,520,824</u>
	<u>287,250,189</u>	<u>267,077,096</u>
Loss on provincial housing operations (Note 8)	189,483,475	176,977,578
Rent supplement payments to landlords (Note 9)	<u>29,426,300</u>	<u>22,865,656</u>
	218,909,775	199,843,234
Less: Canada Mortgage and Housing Corporation and municipalities shares	<u>124,688,794</u>	<u>114,332,742</u>
	94,220,981	85,510,492
Federal-Provincial housing operations loss (Schedule 2) (Note 10)	2,447,395	2,282,488
Provincial contributions to municipal housing projects (Note 11)	<u>5,366,893</u>	<u>3,678,490</u>
Loss on housing operations	<u>102,035,269</u>	<u>91,471,470</u>
OTHER REVENUE AND EXPENSES		
Other revenue		
Interest	12,676,536	15,644,249
Income from leased land	-	3,878,715
(Loss) gain from sale of real property	(580,116)	5,157,849
Administration and management fees	-	29,120
Sundry	<u>135,700</u>	<u>214,705</u>
	<u>12,232,120</u>	<u>24,924,638</u>
Other expenses		
Interest	10,778,164	15,263,376
Administration (Schedule 3)	<u>6,081,195</u>	<u>7,535,751</u>
	<u>16,859,359</u>	<u>22,799,127</u>
Net other expenses (revenue)	<u>4,627,239</u>	<u>(2,125,511)</u>
Net operating loss for the year	<u>\$106,662,508</u>	<u>\$ 89,345,959</u>

See notes to financial statements.

SCHEDULE 1

ONTARIO HOUSING CORPORATION

Property Damage and Mortgage Guarantee Funds
December 31, 1979

ASSETS	1979	1978
Property damage fund		
Cash	\$ 35,080	\$ 68,669
Due to Ontario Housing Corporation	(64,991)	(13,244)
Securities, at cost, including accrued interest (market value \$284,444; 1978 - \$258,713)	<u>327,245</u> <u>297,334</u>	<u>275,844</u> <u>331,269</u>
Mortgage guarantee fund		
Cash	-	62,488
Due from Ontario Mortgage Corporation	-	34,045
Securities, at cost, including accrued interest (1978 market value - \$684,995)	-	806,545
Mortgages receivable arising through assignment	-	392,024
Mortgages receivable arising from sale of real estate	<u>-</u> <u>-</u>	<u>39,027</u> <u>1,334,139</u>
	<u>\$ 297,334</u>	<u>\$1,665,408</u>
	Year ended Dec. 31, 1979	1978
RESERVES		
Property damage reserve (Note 12)		
Provision	\$ 396,918	\$2,855,651
Interest income	<u>31,056</u> <u>427,974</u>	<u>213,936</u> <u>3,069,587</u>
Less: Property damage losses	<u>461,909</u> <u>(33,935)</u>	<u>2,772,253</u> <u>331,269</u>
Mortgage guarantee reserve (Note 13)		
Fees	(828,130)	-
Interest income	<u>(501,519)</u> <u>(1,329,649)</u>	<u>828,130</u> <u>501,519</u> <u>1,329,649</u>
Net gain on operation and sale of real estate	<u>(4,490)</u> <u>(1,334,139)</u>	<u>4,490</u> <u>1,334,139</u>
	<u>\$ (1,368,074)</u>	<u>\$ 297,334</u> <u>\$1,665,408</u>

See notes to financial statements.

SCHEDULE 2

ONTARIO HOUSING CORPORATION

Loss on Federal-Provincial Housing Operations
Year ended December 31, 1979

	1979	1978
Rental revenue	<u>\$ 8,504,420</u>	<u>\$ 8,411,497</u>
Expenses		
Property operating expenses	13,660,572	12,856,105
Grants in lieu of municipal taxes	2,965,692	2,709,701
Amortization (Note 3)	<u>3,539,290</u>	<u>3,679,797</u>
	<u>20,165,554</u>	<u>19,245,603</u>
Loss on Federal-Provincial housing operations	11,661,134	10,834,106
Less: Canada Mortgage and Housing Corporation and municipalities shares	<u>9,213,739</u>	<u>8,551,618</u>
Federal-Provincial housing operations loss (Note 10)	<u>\$ 2,447,395</u>	<u>\$ 2,282,488</u>

See notes to financial statements.

SCHEDULE 3

ONTARIO HOUSING CORPORATION

Administration Expenses
Year ended December 31, 1979

	1979	1978
Salaries	\$ 512,085	\$ 517,152
General and office expenses	37,951	365,038
Transportation and communication	12,556	12,087
Supplies and equipment	14,903	113,089
Other	63,230	232,168
Administrative support services (Note 14)	<u>11,982,708</u>	<u>14,771,547</u>
	12,623,433	16,011,081
Less: Recovery of administration expenses	<u>6,542,238</u>	<u>8,475,330</u>
	<u>\$ 6,081,195</u>	<u>\$ 7,535,751</u>

See notes to financial statements.

ONTARIO HOUSING CORPORATION

Notes to Financial Statements
December 31, 1979

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Investment in Federal-Provincial Properties

Land and building costs relating to Federal-Provincial partnership properties are amortized over the 50 year term of the corresponding partnership agreements.

(b) Investment in Rental Housing Properties
on Leased Land

Building costs relating to student housing accommodation constructed on land leased from educational institutions are amortized over the terms of the land leases.

(c) Rental Housing Properties

Land and building costs relating to wholly owned provincial projects are amortized over the 50 year term of the corresponding indebtedness.

(d) Deferred Income

Unrealized gains from the marketing of real property arise when mortgages receivable form part of the consideration on property sales. The gain portion is the excess of the marketing price over cost and this gain is taken into income as related mortgage principal is repaid. Net revenue from the operation of the student housing property located at 30-35 Charles Street in Toronto is also carried as deferred income. Operating losses are payable to the Corporation by the University and are reimbursable to the University from any net revenue of the project.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Capitalization of Costs

Carrying charges, consisting principally of interest and grants in lieu of municipal taxes attributable to properties under development, are capitalized as part of the cost thereof.

(f) Supplies and Equipment

Furniture and equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

2. SIGNIFICANT CHANGE IN OPERATIONS

By Order in Council 1269/79 dated May 2, 1979, the Lieutenant Governor in Council authorized the transfer of certain lands, mortgages and other assets from Ontario Housing Corporation to Ontario Land Corporation, including all the rights and obligations of Ontario Housing Corporation relating to these assets and including responsibility for the specific capital indebtedness attributable thereto. The effective date of the transfer was January 1, 1979.

3. INVESTMENT IN FEDERAL-PROVINCIAL PROPERTIES

Federal-Provincial properties are operated on a partnership basis with Canada Mortgage and Housing Corporation and forty-one municipalities. The balance reported as at the statement date is the Corporation's partnership investment less accumulated amortization. Partnership amortization charges, the principal repayments portion of which is credited to accumulated amortization, are made up as follows:

3. INVESTMENT IN FEDERAL-PROVINCIAL PROPERTIES (cont'd)

	1979		1978	
	Province	C.M.H.C. and Municipalities	Province	C.M.H.C. and Municipalities
Principal repayments	\$171,545	\$ 645,004	\$178,302	\$ 656,242
Interest	<u>579,954</u>	<u>2,142,787</u>	<u>635,522</u>	<u>2,209,731</u>
	<u>\$751,499</u>	<u>\$2,787,791</u>	<u>\$813,824</u>	<u>\$2,865,973</u>
Total amortization per Schedule 2		<u>\$3,539,290</u>		<u>\$3,679,797</u>

4. INVESTMENT IN RENTAL HOUSING PROPERTIES ON
LEASED LAND

Twenty-two such properties provide accommodation to students throughout Ontario in eleven municipalities, administered by eleven universities or colleges and are situated on land leased from these educational institutions. The respective educational institutions, during the lease terms, make semiannual capital payments towards the cost of such properties and when fully amortized, title to the properties will be transferred to the respective institutions.

Amounts paid by educational institutions to date are as follows:

	1979	1978
Balance, beginning of year	\$2,405,204	\$2,104,481
Paid during the year	<u>286,925</u>	<u>300,723</u>
Balance, end of year	<u>\$2,692,129</u>	<u>\$2,405,204</u>

5. RENTAL HOUSING PROPERTIES

Amortization charges, the principal repayments portion of which is credited to accumulated amortization relating to wholly owned rental housing properties, are made up as follows:

	1979	1978
Principal repayments	\$ 4,197,195	\$ 3,884,406
Interest	<u>98,716,121</u>	<u>94,636,418</u>
Total amortization	<u>\$102,913,316</u>	<u>\$98,520,824</u>

6. MORTGAGES, DEBENTURES AND CAPITAL INDEBTEDNESS

To finance investments in real property, the Corporation borrows funds from two major sources, Canada Mortgage and Housing Corporation and the Treasurer of Ontario. Such borrowings are repaid in varying amounts, depending upon agreement terms, over periods normally not in excess of 50 years. Scheduled repayments over the next five years for all long-term debt are as follows:

1980	\$4,966,827
1981	5,290,931
1982	5,658,956
1983	6,051,031
1984	6,468,937

7. DEFERRED INCOME

Deferred income is made up as follows:

	1979	1978
Unrealized gain from sale of real property	\$ 69,800	\$42,869,380
Student housing operations, 30-35 Charles Street, Toronto, Ontario	95,875	63,400
Other	<u>3,879</u>	<u>106,436</u>
	<u>\$169,554</u>	<u>\$43,039,216</u>

8. LOSS ON PROVINCIAL HOUSING OPERATIONS

Provincial housing properties are owned and administered by Ontario Housing Corporation. Individual property operating statements are prepared for the benefit of Canada Mortgage and Housing Corporation and two hundred and eighty-nine municipalities.

9. RENT SUPPLEMENT PAYMENTS TO LANDLORDS

Under its rent supplement programs, the Corporation provides rent-geared-to-income accommodation within the private sector to applicants from its waiting list. The cost of this program is shared with Canada Mortgage and Housing Corporation and seventy-four municipalities. As at December 31, the following units were under contract with landlords throughout the province:

	1979	1978
Commercial rent supplement units	9,399	8,930
Community sponsored rent supplement units	<u>3,080</u>	<u>2,039</u>
	<u>12,479</u>	<u>10,969</u>

10. FEDERAL-PROVINCIAL HOUSING OPERATIONS LOSS

Federal-Provincial housing properties were developed under partnership agreements by Canada Mortgage and Housing Corporation and are administered by Ontario Housing Corporation and thirty-five housing authorities throughout the province. Individual property operating statements are prepared for the benefit of Canada Mortgage and Housing Corporation and forty-one municipalities. The loss reported in the Statement of Operations represents Ontario Housing Corporation's share only.

11. PROVINCIAL CONTRIBUTIONS TO MUNICIPAL
HOUSING PROJECTS

In 1979 the Corporation contributed \$5,366,893 (1978 - \$3,678,490) to The Metropolitan Toronto Housing Company Limited towards operating costs for senior citizen apartment units.

12. PROPERTY DAMAGE RESERVE

The reserve is intended to cover repair costs relating to minor damage by fire, wind and water.

13. MORTGAGE GUARANTEE RESERVE

The outstanding balance of approved lenders' mortgage guaranteed as at December 31, 1978 was \$38,579,628. The responsibility for the reserve was transferred to the Ontario Land Corporation effective January 1, 1979 by authority of Order in Council 1269/79 dated May 2, 1979.

14. ADMINISTRATIVE SUPPORT SERVICES

The Ministry of Housing provides central administrative support services to the Corporation. The charge for such support services was determined on a basis acceptable to both the Corporation and the Ministry.

15. SUBSEQUENT EVENTS

- (a) Elimination of 7½% municipal sharing
of loss on housing operations

On March 11, 1980, the Government of Ontario announced its intention to eliminate 7½% municipal sharing from all assisted housing programs, with a target effective date of April 1, 1980. As a result the Corporation's share of 1980 and subsequent years' losses will increase accordingly.

- (b) Elimination of property damage
reserve

Effective January 1, 1980, under revised arrangements with Canada Mortgage and Housing Corporation, full property damage cost sharing between the two Corporations was initiated. The reserve formerly maintained for this purpose was eliminated early in 1980.

- (c) Elimination of condominium contingency

In June 1967, the Ontario Government passed The Condominium Act. The initial response to this new housing legislation from the private sector was limited and this prompted Ontario Housing Corporation to embark upon an active program, through Ontario Mortgage Corporation, of financing condominium development. Participation in the financing of more than 14,000 condominium dwellings was undertaken. As an incentive for several of the earlier projects, including Chapel Glen and Flemingdon Woods, comprising more than 2,500 units, Ontario Housing Corporation provided financial guarantees. The contracts for these latter two developments in Metropolitan Toronto included clauses whereby Ontario Housing Corporation agreed to purchase any units remaining unsold six months after substantial completion. Due to a slower than expected public acceptance of high-rise

15. SUBSEQUENT EVENTS (cont'd)

(c) Elimination of condominium contingency (cont'd)

condominiums, Ontario Housing Corporation, under the agreements, became liable during 1972 to purchase the unsold units at these two locations. By mutual agreement with the construction companies, the Corporation's liability with respect to the purchase of the unsold units was deferred in exchange for a corresponding deferment of the companies' liability for interest on construction advances.

Although the construction advances referred to are carried as assets by Ontario Mortgage Corporation, Ontario Housing Corporation is financially responsible for any settlement with the construction companies that may be negotiated under the contract clauses described above. As at December 31, 1979, accrued interest on advances for Chapel Glen and Flemingdon Woods projects amounted to \$6,162,040 (1978 - \$6,299,386) and such interest has been included as income in the accounts of Ontario Mortgage Corporation.

In February of 1980, Ontario Housing Corporation wrote off accrued interest on construction advances in the amount of \$3,888,420 for the Chapel Glen project, and in turn the construction company released the Corporation from any liability under the buy-back clause. With respect to the Flemingdon Woods project, it has not been possible to reach final agreement with the construction company. Legal counsel have given consideration to the conduct of negotiations over the past several years, and in their opinion there is no longer any need to recognize a contingent liability. Any future settlement would be based on a waiver of the Corporation's continuing interest on advances claim, in return for a release from the construction company of any liability under the buy-back clause.

15. SUBSEQUENT EVENTS (cont'd)

(c) Elimination of condominium contingency (cont'd)

Accordingly, accumulated accrued interest
in the amount of \$2,262,064 was written off
in March of 1980.

16. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to
conform to 1979 presentation.



Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416/965-1381

To the Members, Ontario Housing Corporation, and
to the Minister of Housing.

I have examined the balance sheet of Ontario Housing Corporation as at December 31, 1979 and the statements of operations and operating funds due from the Treasurer of Ontario for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at December 31, 1979 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements, applied on a basis consistent with that of the preceding year.

In accordance with section 12 of The Ontario Housing Corporation Act, a report on the audit has been made to the Corporation and to the Minister of Housing.

Toronto, Ontario,
August 15, 1980.


F.N. Scott, F.C.A.,
Provincial Auditor.



Ontario

Ministry of
Housing Ontario
Mortgage Corporation

60 Bloor Street West
Toronto, Ontario
M4W 3B8

THE HONOURABLE CLAUDE F. BENNETT
MINISTER OF HOUSING

SIR:

On behalf of the Directors, I am pleased to present to you the Annual Report and Statement of Accounts of Ontario Mortgage Corporation for the year ending March 31, 1980.

Respectfully submitted,

H.W. HIGNETT, M.B.E.
Chairman of the Board and President

Ontario Mortgage Corporation

Board of directors

H.W. Hignett, chairman of the board
and president
A.J. Trusler, deputy chairman and
senior vice-president
Mrs. Maryon Brechin
M.J. Closs
R.J. Hand
P.F. Little
R.M. McDonald
S.A. Martin*
A.L. Moore*
C.C. Parsons

*No longer serving

Report of the chairman of the board

During the fiscal year, the availability of mortgage funds in the private sector was more than adequate and Ontario Mortgage Corporation continued its policy of not participating in the funding of new mortgage programs. However, the corporation has been actively involved in the administration of a large mortgage portfolio.

Although OMC no longer plays an active role as a mortgage lender, a total of \$2.6 million was advanced as a result of commitments issued in previous years.

Over the course of the year, OMC advertised \$16.1 million of its mortgage portfolio for sale and \$10 million of the mortgage assets were sold. Since the sale of mortgages began in 1978, OMC has sold a total of \$120 million of its mortgage portfolio, with mortgages valued at \$37.5 million being retained by OMC and administered on behalf of investors. The decline in sales during the fiscal year was due largely to the instability of interest rates, resulting in poor market conditions. As a result, OMC, with the concurrence of the Treasurer of Ontario, temporarily postponed the sales of the remaining portfolio.

Mortgage assets under administration at year end amount to \$860 million, including \$49 million in real estate holdings and \$238.5 million administered on behalf of Ontario Land Corporation.

As poor market conditions prevailed, the corporation continued to acquire a substantial number of units by means of mortgage default and quit claims. The acquired properties were either leased or sold, depending on the marketing situation.

In order to alleviate the pressures of rising interest rates, OMC offered its borrowers the choice of renewing mortgages for terms of one to five years. In addition, while interest rates continued to escalate on the open market, the corporation fixed its interest renewal rate at 13½ per cent for several months.

The further reduction of the mortgage portfolio enabled OMC to reduce its staffing requirements from 98 to 90.

On behalf of the board of directors, I wish to extend my appreciation to the staff of OMC for their continued efforts and dedication to the corporation throughout the year.

H.W. Hignett,
chairman

Ontario Mortgage Corporation

As a residual mortgage lender, Ontario Mortgage Corporation's original directive was to provide primary and secondary mortgage financing for low and moderate-income families under various ministry housing programs. The availability of mortgage funds in the private sector over the last few years resulted in a change in policy direction, with OMC discontinuing its direct lending activities.

The corporation is responsible for the administration of mortgages and leases originally committed under the various programs, as well as the administration, leasing and sales of the real estate portfolio acquired through default or quit claim.

At March 31, 1980, the total number of mortgage and lease accounts under administration amount to 42,050, consisting of 22,460 OMC first and second mortgages; 11,105 Ontario Land Corporation first and second mortgages, including 1,200 agreements for sale, and 7,150 leases which included North Pickering; and 1,335 accounts which OMC was administering on behalf of private investors as a result of mortgage portfolio sales transacted over the last two fiscal years.

As a result of mortgage payment defaults, OMC acquired title to 1,815 units by year's end. The total is comprised of 856 single family and condominium units and five apartment buildings representing 959 rental units.

During the fiscal year, 1,251 mortgages came up for renewal, totalling a principal balance of \$20,050,000. As approved by the board of directors, interest renewal rates ranged from 11 per cent to 13.5 per cent over the course of the year, and OMC was able to provide its mortgagors with substantially lower rates than those being offered in the private sector.

Even though interest rates increased, the corporation was able to achieve excellent results. The average rate of default decreased, acquired property sales were up from the previous year, and the vacancy rate for rental units was down.

A highly-sophisticated private source computer system, in use for all financial transactions to mortgage accounts for the last four years, was redesigned to meet the requirements of OMC's portfolio. During the fiscal year, the system was expanded to include the growing portfolio of the real estate department. The mortgage services department is the central liaison for the other departments within the corporation, and is responsible for the management and control of the electronic data processing facilities.

The four major functions of the corporation are the mortgage administration division, real estate department, mortgage services and finance division. There are 84 support staff reporting to three managers, one treasurer/chief accountant, one assistant general manager, and the vice-president and general manager.

ONTARIO MORTGAGE CORPORATION

Balance Sheet
March 31, 1980

	1980	1979
ASSETS		
Cash	\$ 2,570,254	\$ 4,153,568
Funds on deposit with the Treasurer of Ontario	6,529,050	7,833,422
Securities (market value \$6,337,663; 1979 - \$8,040,311) (Note 1)	9,065,786	9,062,345
Accounts receivable	640,231	421,310
Mortgages (Notes 2 and 4)	528,473,989	591,968,571
Real estate (Notes 3 and 4)	<u>52,110,525</u>	<u>31,228,740</u>
	<u>\$599,389,835</u>	<u>\$644,667,956</u>
LIABILITIES		
Accounts payable and accrued liabilities	\$ 2,697,468	\$ 3,832,063
Mortgages payable (Note 5)	5,857,807	5,886,481
Advances from the Treasurer of Ontario (Note 6)	<u>584,804,200</u>	<u>630,039,011</u>
	<u>593,359,475</u>	<u>639,757,555</u>
SHAREHOLDERS' EQUITY		
Capital stock - authorized and issued 10 shares, no par value	10	10
Retained earnings	<u>6,030,350</u>	<u>4,910,391</u>
	<u>6,030,360</u>	<u>4,910,401</u>
	<u>\$599,389,835</u>	<u>\$644,667,956</u>

See accompanying notes to financial statements.

On behalf of the Board:

M. M. ... Director

G. ... Director

ONTARIO MORTGAGE CORPORATION

Statement of Earnings
Year ended March 31, 1980

	1980	1979
REVENUE		
Interest (Note 7)	\$61,736,860	\$68,185,196
Other	<u>890,223</u>	<u>721,028</u>
	<u>62,627,083</u>	<u>68,906,224</u>
EXPENSES		
Interest	56,125,663	63,309,961
Administration (Schedule 1)	2,501,172	2,514,392
Loss on real estate operations (Note 8)	2,880,289	1,393,668
Provision for mortgage and real estate losses (Note 4)	<u>-</u>	<u>1,533,000</u>
	<u>61,507,124</u>	<u>68,751,021</u>
Net earnings for the year	<u>\$ 1,119,959</u>	<u>\$ 155,203</u>

Statement of Retained Earnings
Year ended March 31, 1980

Balance, beginning of year	\$ 4,910,391	\$ 4,755,188
Net earnings for the year	<u>1,119,959</u>	<u>155,203</u>
Balance, end of year	<u>\$ 6,030,350</u>	<u>\$ 4,910,391</u>

See accompanying notes to financial statements.

SCHEDULE 1

ONTARIO MORTGAGE CORPORATION

Administration Expenses
Year ended March 31, 1980

	1980	1979
Salaries	\$1,403,774	\$1,363,937
Employee benefits	206,066	168,256
Transportation and communication	100,031	89,141
General and office services	773,884	874,516
Supplies and equipment	<u>17,417</u>	<u>18,542</u>
	<u>\$2,501,172</u>	<u>\$2,514,392</u>

See accompanying notes to financial statements.

ONTARIO MORTGAGE CORPORATION

Notes to Financial Statements
March 31, 1980

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Interest

In the provision of primary and secondary financing for moderate income families, the Corporation's interest lending rates have been set by the Province of Ontario. Where lending rates are lower than the Corporation's borrowing rates, the resulting losses are provided for in the provincial annual estimates.

(b) Investments

(i) Securities

Securities are stated at cost plus accrued interest. The securities are those that were transferred from the Mortgage Contingency Fund in the 1978-79 financial year.

(ii) Mortgages

Mortgages are stated at cost, which essentially consists of amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments.

(iii) Real Estate

Real estate acquired upon default by mortgagors is carried at cost. Cost includes the mortgage receivable balance, accrued interest thereon, and amounts paid to acquire title of the property. No depreciation is charged on acquired real estate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(b) Investments

A Mortgage and Real Estate Allowance for mortgage and real estate losses is deducted from the applicable investment on the balance sheet. Net capital gains or losses realized on disposal of real estate and mortgages are recorded in the Mortgage and Real Estate Allowance.

(c) Supplies and Equipment

Furniture and equipment purchases for general office use are charged to supplies and equipment in the year of acquisition.

2. MORTGAGES

(a) Mortgages as at March 31, 1980 consist of the following:

	1980	1979
National Housing Act	\$ 72,591,996	\$ 84,241,721
Uninsured	<u>457,835,877</u>	<u>513,565,810</u>
	530,427,873	597,807,531
Mortgage and Real Estate Allowance	<u>1,953,884</u>	<u>5,838,960</u>
	<u>\$528,473,989</u>	<u>\$591,968,571</u>

(b) Sales of mortgages during the year ended March 31, 1980 amounted to \$9,628,400 (1979 - \$109,500,465). The capital losses on these sales have been charged to Mortgage and Real Estate Allowance.

3. REAL ESTATE

As at March 31, 1980, the Corporation had 1,079 acquired properties (473 acquired in 1979-80) due to default by mortgagors. These properties consist of townhouses, condominium apartments, single family homes and rental apartment complexes.

	As at March 31, 1980	As at March 31, 1979
Acquisition costs of properties - title held by the Corporation	\$47,278,420	\$24,877,874
Properties held under Power of Sale	<u>13,054,699</u> 60,333,119	<u>11,128,195</u> 36,006,069
Mortgage and Real Estate Allowance	<u>8,222,594</u>	<u>4,777,329</u>
	<u>\$52,110,525</u>	<u>\$31,228,740</u>

Subsequent to the year end, 54 additional units costing \$2,292,699 were acquired.

4. MORTGAGE AND REAL ESTATE ALLOWANCE

	1980	1979
Balance, beginning of year	\$10,616,289	\$10,624,748
Provision for the year	-	1,533,000
Net loss on sale of real estate	(19,565)	(260,256)
Loss on sale of mortgages	<u>(420,246)</u>	<u>(1,281,203)</u>
Balance, end of year	<u>\$10,176,478</u>	<u>\$10,616,289</u>

4. MORTGAGE AND REAL ESTATE ALLOWANCE (cont'd)

The balance in the allowance account has been deducted from the applicable investment as follows:

	1980	1979
Mortgages	\$ 1,953,884	\$ 5,838,960
Real Estate	<u>8,222,594</u>	<u>4,777,329</u>
	<u>\$10,176,478</u>	<u>\$10,616,289</u>

5. MORTGAGES PAYABLE

These mortgages represent first mortgages outstanding on acquired rental apartment complexes. The Corporation had second mortgage investments outstanding on these properties and took over title to these properties together with the first mortgages in order to protect its investment.

6. ADVANCES FROM THE TREASURER OF ONTARIO

The Corporation borrows funds from the Treasurer of Ontario to finance mortgages receivable. Such borrowings are repaid in varying amounts, depending upon repayments by mortgagors, over periods normally not in excess of 50 years.

7. INTEREST

For the year ended March 31, 1980, interest losses of \$2,272,541 were recovered through the estimates process and included in interest revenue.

8. LOSS ON REAL ESTATE OPERATIONS

This essentially consists of maintenance and improvement costs net of rental revenue in respect of the acquired real estate.

9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate direct remuneration for the eight directors and one senior officer for the year ended March 31, 1980 was \$55,329 (1979 - \$55,173).

10. OBLIGATIONS UNDER OPERATING LEASES -
ACQUIRED REAL ESTATE

The future minimum lease payments under operating leases that have an initial term in excess of one year as of March 31, 1980 are \$94,925 per annum for the period 1981 through 2014.



Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416/965-1381


To the Shareholders of Ontario Mortgage Corporation.

I have examined the balance sheet of Ontario Mortgage Corporation as at March 31, 1980 and the statements of earnings and retained earnings for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1980 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

A report on the audit has been made to Ontario Mortgage Corporation and to the Minister of Housing.

Toronto, Ontario,
August 1, 1980.


F.N. Scott, F.C.A.,
Provincial Auditor.



Office of the
Deputy Minister

Ministry
of
Housing

Hearst Block
Queen's Park
Toronto Ontario
M7A 2K5
416/965-3411

THE HONOURABLE CLAUDE F. BENNETT
MINISTER OF HOUSING

SIR:

I have the pleasure on behalf of the Board of
Directors of submitting for your approval, the
Annual Report of the Ontario Land Corporation
for the fiscal year ending March 31, 1980.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "R.M. Dillon", followed by a long horizontal flourish.

R.M. Dillon
Chairman of the Board

Ontario Land Corporation

Board of directors

R.M. Dillon, chairman
R.M. McDonald, vice-chairman and
chief executive officer
H.W. Hignett
J.H. Joyce
R.W. Riggs
A.J. Trusler
W. Wronski

Corporate report

The fiscal year 1979-80 marked the first full reporting period in which all elements related to the planning, development, financing, land management and marketing of provincially-owned residential, commercial and industrial land were consolidated in the Ontario Land Corporation.

The first phase of this consolidation was accomplished in 1978-79 by the merging of the North Pickering Development Corporation and the Townsend New Community activities and land holdings within the corporation.

This merger, carried out in stages, enabled the corporation to rationalize operations by integrating functions into four operating areas: marketing and long-term planning, land operations, Seaton and eastern region and Townsend and western region.

The second phase of the merger was the integration of residential, industrial and commercial land holdings of the Ontario Housing Corporation and related operations into OLC along with associated mortgages and other financial assets, liabilities and obligations which are included in the financial statement.

The corporate overhead was significantly reduced not only by staff reduction but also by the consolidation of the corporate facilities in one location and the streamlining of functions and activities.

Marketing and long-term planning

Upon the consolidation and transfer of assets and liabilities as a result of the merger and reorganization of the corporate structure, a start was made on a long-range evaluation of future land uses. Proposals for the financial structure required for marketing, development and land management were put into operation.

In order to maintain continuity, management undertook to develop long-range objectives and strategies, as well as detailing plans for the management, development, operations, marketing and financing of corporate holdings.

In the economic area, impact studies related to the Townsend and Seaton new community projects were carried out jointly with regional municipalities, local towns, and school boards. Other areas receiving detailed attention were project accounting, marketing and analysis of changing market conditions for serviced residential building lots.

The corporation's marketing activities for the year produced sales agreements amounting to more than \$40 million, the sale of 971 building lots, 26.9 hectares (66.5 acres) of serviced block lands and 372 hectares (919 acres) of raw land.

Land operations

Land operations provides services for the management of land, contract engineering and environmental planning of the corporation. These activities are accomplished with the corporation's staff and the private sector.

In the land management area, obligations previously made to purchase land in the North Pickering area were finalized as were a number of issues dealing with arbitration, options, court actions and appeals to the Land Compensation Board. Also during the year, the Ombudsman's office hearings were completed for North Pickering

and a report is expected in 1980.

Renewals of five-year agricultural leases were initiated and steps were taken to increase lease revenues for the site, and to maintain a high level of agricultural production.

In the land services area a complete inventory of all OLC-owned lands was completed, with the associated title transfer of lands previously held by the Ontario Housing Corporation.

Seaton and eastern Ontario region

On April 1, responsibility for planning and development of the North Pickering planning area and for those provincially-owned lands in eastern Ontario administered by the corporation were centralized in one area.

On July 30, the board of directors approved the name Seaton for the North Pickering urban area in honor of Lord Seaton, Sir John Colborne, lieutenant-governor of the Province of Upper Canada from 1828-1836.

During the year a series of planning and engineering studies were undertaken, culminating with submission of an official plan amendment application to the Durham regional plan. This amendment proposed a new community on 2,842 hectares (7,025 acres) to provide housing for a population of 75,000-90,000 persons as well as an industrial area of 723 hectares (1,790 acres) for industrial purposes.

The decision to establish the urban area means that approximately 7,400 hectares (18,400 acres) of land on the west and south of the site will remain in long-term agricultural production and as open space to act as a buffer to surrounding urbanization.

In addition to the Seaton new community, the corporation is also responsible for lands in various stages of development in 25 municipalities in eastern and north eastern Ontario.

One of the major holdings is the Malvern community located in the north-east segment of Scarborough in Metro Toronto. Some 25,000 persons live in the area, and efforts to provide a community focal point for residents met with success when draft plan approval was received for the first phase of the central area plan. This phase will provide commercial, recreational, office and institutional land uses at the full community scale.

Negotiations were completed on a cost-sharing agreement for the major recreational, library and community facilities and it is anticipated that final approval on this and on other agreements will be reached in the next fiscal year.

In addition, draft plan approval was received for two plans of subdivision to provide a total of 522 dwelling units. Detailed planning also began on the major residential phase of neighborhood two which should provide a total of 1,200 dwelling units to be ready for the 1982-3 market. Similarly, detailed planning started on the last industrial area. The 36-hectare (89-acre) industrial park had one major pre-sale and additional serviced parcels are scheduled to be ready in late 1980.

Official plan approval was also received on the first phase of the 108.8 hectare (242-acre) assembly in Peterborough, allowing for 12.6 hectares (31 acres) of industrial, 10 hectares (22 acres) of commercial and 12.1 hectares (30 acres) of residential land. Sale of a 1.6 hectare (4-acre) industrial parcel to the city was also negotiated.

A final draft plan for Borden Farm in Nepean Twp. was prepared to provide a total yield of approximately 470 low-density units and a 2.1 hectare (5.2-acre) institutional block.

Townsend and western Ontario region

In a move similar to that carried out in eastern Ontario, operations related to the Townsend new community were integrated with corporate holdings of land in the western Ontario region.

The year marked the beginning of development activity in Townsend, aimed at starting housing construction in 1980, to coincide with the start-up of the new Steel Company of Canada, Ltd. mill at Nanticoke.

The first stage development area will accommodate a population of some 5,000 persons in approximately 1,600 detached, semi-detached and street townhouse units. It will also provide sites for schools and churches, a park system, a proposed civic centre complex to accommodate a city hall for Nanticoke and administrative offices for the Haldimand-Norfolk region. A commercial village centre will also be constructed near an attractive storm water retention pond which will form the community focal point for the first stage. The first stage will be developed in five phases over five to seven years.

At year's end, construction started on subdivision services for phase I with the servicing of lots for 219 housing units. Underground services and roads are slated for completion in June and July, 1980. This schedule, together with the expected completion of the zoning bylaw process and the provision of an interim water supply (pending completion of a permanent system in September, 1980), will ensure that building permits are available at that time.

Work commenced on the 6.1 kilometre (3.9 mile) parkway system linking the townsite to provincial highways. The Nanticoke Creek Parkway, providing access to Highway 6 to the east, was completed and a start was made on the Townsend Parkway to connect with Highway 3 to the south. Construction also began on the interim sewage lagoon designed to serve the first stage development area.

A pre-servicing marketing program was initiated in the fall of 1979 to promote the new community and to elicit the participation of builders to construct housing to meet a broad range of lifestyles in Townsend.

Responsibility for lands in various stages of development in 27 municipalities in the southwest and northwest areas of the province was transferred from the former community land development division of the Ministry of Housing on April 1. An evaluation was carried out to assess the potential and development feasibility of the lands, in light of the diverse and changing market conditions.

In London, a draft plan and zoning bylaw amendments were obtained for the re-subdivision of three blocks of multiple housing to provide 111 units of single and semi-detached houses. The second stage of Phase I, comprising lots for 142 units in Windsor's Hall Farm subdivision, was serviced and marketed. At year's end, a study was initiated regarding the Saltfleet Community in Stoney Creek. In Hamilton, the servicing of Phase II of Mohawk Gardens was undertaken to provide 190 single and semi-detached lots. A draft plan was submitted for approval for Phase III of Mohawk Gardens for an additional 189 housing units. A draft plan of subdivision was also submitted for the Phase II Springburn West project in Aurora, covering 74 units.


ONTARIO LAND CORPORATION
Incorporated without share capital under
The Ontario Land Corporation Act, 1974

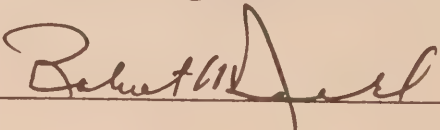
Balance Sheet
March 31, 1980

ASSETS	1980	1979
Cash	\$ 39,660,043	\$ 1,040,354
Accounts receivable	3,167,114	24,921,617
Note receivable - Ontario Development Corporation	683,375	793,695
Mortgages and loans receivable	109,339,863	121,695,479
Investment in properties under agreements for sale, at cost	6,265,302	4,202,779
Land leased, at cost	38,532,230	38,949,095
Investment in land (Note 3)	490,477,311	481,464,520
	<u>\$688,125,238</u>	<u>\$673,067,539</u>
Assets of mortgage guarantee fund (Schedule 1)	<u>\$ 1,482,952</u>	<u>\$ 1,358,285</u>

See notes to financial statements.

On behalf of the Board:


 _____ Director


 _____ Director

LIABILITIES	1980	1979
Accounts payable and accrued liabilities	\$ 18,205,471	\$ 7,363,311
Holdbacks and deposits on construction contracts	780,571	3,402,276
Mortgages, debentures and similar indebtedness (Note 4)		
Canada Mortgage and Housing Corporation	109,368,112	109,430,531
Other	2,936,827	1,400,160
Capital indebtedness to the Treasurer of Ontario (Note 5)		
Interest bearing	105,653,032	109,485,632
Non-interest bearing	400,588,010	397,401,986
Deferred income	43,993,315	42,363,665
Retained income	<u>6,599,900</u>	<u>2,219,978</u>
	<u>\$688,125,238</u>	<u>\$673,067,539</u>
Reserve of mortgage guarantee fund (Schedule 1)	<u>\$ 1,482,952</u>	<u>\$ 1,358,285</u>

ONTARIO LAND CORPORATION

Statement of Operations and Retained Income
Year ended March 31, 1980

	Twelve months ended March 31, 1980	Three months ended March 31, 1979
REVENUE		
Interest	\$13,592,538	\$3,278,051
Income from leased land (Note 2(a)(ii))	3,253,634	796,685
Net gain from sale of real property (Note 2(a)(i))	<u>407,362</u>	<u>884,954</u>
	<u>17,253,534</u>	<u>4,959,690</u>
EXPENSES		
Interest	12,351,812	2,622,891
Mortgage and lease administration	<u>521,800</u>	<u>116,821</u>
	<u>12,873,612</u>	<u>2,739,712</u>
Net operating income	4,379,922	2,219,978
Retained income, beginning of period	<u>2,219,978</u>	<u>-</u>
Retained income, end of period	<u>\$ 6,599,900</u>	<u>\$2,219,978</u>

See notes to financial statements.

SCHEDULE 1

ONTARIO LAND CORPORATION

Mortgage Guarantee Fund
March 31, 1980

	1980	1979
ASSETS		
Cash	\$ 3,198	\$ 24,262
Securities, at cost, including accrued interest (market value \$543,364; 1979 - \$706,626)	864,329	863,674
Mortgages receivable arising through assignment	611,660	428,773
Mortgages receivable arising from sale of real estate	16,672	39,190
Due (to) from Ontario Mortgage Corporation	<u>(12,907)</u>	<u>2,386</u>
	<u>\$1,482,952</u>	<u>\$1,358,285</u>

	Year ended March 31, 1980	1980	1979
RESERVES (Note 6)			
Fees	\$ -	\$ 828,130	\$ 828,130
Interest income	<u>123,717</u>	<u>649,313</u>	<u>525,596</u>
	123,717	1,477,443	1,353,726
Net gain on operation and sale of real estate	<u>950</u>	<u>5,509</u>	<u>4,559</u>
	<u>\$124,667</u>	<u>\$1,482,952</u>	<u>\$1,358,285</u>

See notes to financial statements.

ONTARIO LAND CORPORATION

Notes to Financial Statements March 31, 1980

1. COMPARATIVE FIGURES

Effective January 1, 1979, certain lands, mortgages and other assets, formerly owned by the Ontario Housing Corporation, including all the rights and obligations of Ontario Housing Corporation relating to these assets and including responsibility for the specific capital indebtedness attributed thereto, were transferred to Ontario Land Corporation from Ontario Housing Corporation by authority of Order in Council 1269/79 dated May 2, 1979. The comparative statement of operations and retained income and the schedule of the mortgage guarantee fund, reflect the transactions for the three month period January 1, 1979 to March 31, 1979 on the above transferred assets. In respect of lands held by the Corporation prior to January 1, 1979, all costs and revenues from dates of property acquisition were recorded as part of the cost of land.

Where necessary comparative figures have been reclassified to conform to 1980 presentation.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Income Recognition

- i. Gains or losses from the sale of real property are recognized and taken into income on the date when the title to the land passes on the closing of each sale, except when a sale results in a mortgage or agreement for sale receivable contract. In such circumstances, gains are deferred and are taken into income in the year principal repayments are received.

ii. Rental Income

Income from long term land leases to homeowners is taken into income as it is received. These leases may be converted to mortgages receivable at the option of the lessee. At the time of conversion, gains are taken into income as

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Income Recognition (cont'd)

ii. Rental Income (cont'd)

mortgage principal is repaid. Income from lessees on undeveloped land is applied to reduce capital costs.

(b) Capitalization of Costs

i. Land Costs

- Each land project is recorded at its acquisition cost and carrying charges are capitalized including interest and grants in lieu of municipal taxes attributable to the land under development or held for future development. Capitalization also includes the cost of management and administration, less any revenue that may be recovered from land held for future development.
- Accumulated land costs for each project are pro rated on an acreage basis to each stage, subdivision or phase under development.
- Land costs allocated to a phase are allocated to the components of a phase in proportion to each component's share of estimated net realizable value.
- Accumulated costs do not purport to represent future realizable values. However, all accumulated costs are taken into account and will be considered in determining the cost of land sales and any resulting gains or losses will be reflected at the time of sale.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Capitalization of Costs (cont'd)

ii. Servicing Costs

- Major or primary servicing costs are allocated to the stages, subdivisions and phases under development based on the benefit to the stage, subdivision or phase.
- Internal servicing costs are charged directly to the phase being serviced.
- Total phase servicing costs are allocated to the components of a phase in proportion to each component's share of estimated net realizable value.

iii. Administration Overhead Expenses, Marketing Costs and Interest Costs on Servicing

- General administrative overhead costs are allocated to the lands in proportion to accumulated raw land values.
- Planning and development overhead costs are allocated to each phase as a percentage of servicing costs incurred in each year.
- Marketing overhead costs are allocated to each phase as a percentage of gross sales realized in each year.
- Interest costs on servicing expenses of each phase are capitalized based on actual cash flows and interest rates incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Capitalization of Costs (cont'd)

iv. Operating and Administrative Support Costs

- The Corporation obtains its operating and administrative support from the private sector or government agencies. In general, professional and technical services such as planning, architectural and engineering are provided by the private sector while administrative support services are provided by the Ministry of Housing.
- Charges for all such services are either capitalized as part of land or servicing costs (see note 2(b)(iii)) or treated as a charge to operations, depending on the nature of the service.

3. INVESTMENT IN LAND

As at March 31, 1980, approximately \$393.5 million of the Corporation's investment in land represented land costs plus interest carrying charges. The remaining \$97 million is the cost of servicing land.

A further breakdown of the year end investment in lands and carrying charges follows:

(a) Total investment in land

	1980	1979
New Communities:		
Seaton	\$268,487,302	\$268,325,688
Townsend	44,023,232	41,455,427
Other	<u>177,966,777</u>	<u>171,683,405</u>
	<u>\$490,477,311</u>	<u>\$481,464,520</u>

3. INVESTMENT IN LAND (cont'd)

- (b) Carrying costs consisting of interest capitalized during the year amounted to:

	1980	1979
New Communities:		
Seaton	\$ -	\$10,628,416
Townsend	-	1,643,570
Other	<u>6,863,404</u>	<u>4,059,870</u>
	<u>\$6,863,404</u>	<u>\$16,331,856</u>

- (c) A review of selected land assets was initiated during the 1980-81 fiscal period to provide physical, legal and accounting details by stage and subdivision phase, and to identify any adjustments to render account balances consistent with corporate accounting policies.

The initial review includes projects partially sold, land under development and land bank projects valued as of March 31, 1980, at approximately \$69 million or 14 per cent of the total land assets. This activity may be extended to additional land assets when the results of the initial review are assessed.

4. MORTGAGES, DEBENTURES AND SIMILAR INDEBTEDNESS

To finance investments in real estate, agreements for sale and mortgages arising from the sale of real estate, the Corporation borrows funds from two major sources - Canada Mortgage and Housing Corporation and the Treasurer of Ontario. Such borrowings are repaid in varying amounts depending on agreement terms over periods normally not in excess of 20 years.

5. CAPITAL INDEBTEDNESS TO THE TREASURER OF ONTARIO

	1980	1979
(a) Non-interest bearing advances		
i. To finance its investment in undeveloped or partially developed lands, by authority of Order in Council 838/80, dated March 26, 1980, the Corporation may receive non-interest bearing advances from the Treasurer of Ontario. Such advances remain non-interest bearing until fully repaid and are subject to a maximum of \$399,000,000.		
Advances end of year	\$398,643,341	\$396,962,397
ii. To finance the construction of a regional service road and temporary sewage lagoon in the new community of Townsend, by authority of Order in Council 838/80, dated March 26, 1980, the Corporation may receive non-interest bearing advances from the Treasurer of Ontario. Such advances are to remain, non-interest bearing until March 31, 1985 and are subject to a maximum of \$1,576,000.		
Advances end of year	1,505,080	-
	<hr/>	<hr/>
	\$400,148,421	\$396,962,397

5. CAPITAL INDEBTEDNESS TO THE TREASURER OF ONTARIO (cont'd)

	1980	1979
(a) Non-interest bearing advances (cont'd)		
Balance brought forward	\$400,148,421	\$396,962,397
iii. To finance the widening of Highway 401 through Metropolitan Toronto, a non-interest bearing advance for this purpose amounting to \$1,350,000, was provided to Ontario Housing Corporation by the Treasurer of Ontario in 1965. This advance with all related assets and liabilities was transferred to Ontario Land Corporation from Ontario Housing Corporation, effective January 1, 1979, by authority of Order in Council 1269/79, dated May 2, 1979, and is repayable as principal is recovered.		
Advance end of year	439,589	439,589
Total non-interest bearing advances	<u>\$400,588,010</u>	<u>\$397,401,986</u>

5. CAPITAL INDEBTEDNESS TO THE TREASURER OF ONTARIO (cont'd)

	1980	1979
(b) Interest bearing advances		
To finance the development of land projects, the Corporation borrows funds from the Treasurer of Ontario and Canada Mortgage and Housing Corporation. Interest bearing advances from the Treasurer of Ontario relate to services and revenue producing assets such as mortgages, leases and agreements for sale, and these advances bear interest at an average rate of 8.833 per cent (1979 - 8.449 per cent).		
Total interest bearing advances	<u>\$105,653,032</u>	<u>\$109,485,632</u>

6. MORTGAGE GUARANTEE RESERVE

This reserve was established to secure the contingent liability of the Corporation for guarantees given for mortgages provided by private sector lenders.

The outstanding balance of approved lender mortgages guaranteed as at March 31, 1980 was \$28,806,720 (1979 - \$35,334,133).

7. CONTINGENCY

Certain owners of land whose property was expropriated by the Corporation have applied to the Land Compensation Board of Ontario for reassessment of the compensation paid on expropriation of their lands. This amount, which is to be determined by arbitration and negotiation, is estimated at a maximum of \$10 million.



Office of the
Provincial
Auditor

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Queen's Park
Toronto, Ontario
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To the Board of Directors of Ontario Land Corporation
and to the Minister of Housing.

I have examined the balance sheet of Ontario Land Corporation as at March 31, 1980 and the statement of operations and retained income for the year then ended. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests, and other procedures as I considered necessary in the circumstances, except as explained in the following paragraph.


I was unable to obtain sufficient appropriate audit evidence to form an opinion with regard to the determination of cost of sales in respect of land sold during the year. Accordingly I was not able to determine whether any adjustments might be necessary to net gain from sale of real property, net operating income, retained income, and that portion of investment in land more fully described in Note 3(c) to the financial statements.

In view of the possible material effects on the statement of operations and retained income of the matters described in the foregoing paragraph, I am unable to express an opinion as to whether this statement is presented fairly in accordance with generally accepted accounting principles.

In my opinion, however, except for the effect the foregoing matters might have on investment in land and retained income, the balance sheet presents fairly the financial position of the Corporation as at March 31, 1980, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 29 of The Ontario Land Corporation Act, 1974, a report on the audit will be made to the Corporation and to the Minister.

Toronto, Ontario,
January 30, 1981.


F.N. Scott, F.C.A.,
Provincial Auditor.



Ontario

Ministry of
Housing